## Message Text

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PAGE 01 GENEVA 02725 181528Z

73

**ACTION EUR-12** 

INFO OCT-01 IO-10 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07

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ACDA-05 TRSE-00 SAJ-01 OIC-02 CU-02 SAM-01 EB-07

COME-00 STR-04 CIEP-01 /090 W

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TO SECSTATE WASHDC 2210
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E.O. 11652: N/A

TAGS: CSCE PFOR EGEN EEWT

SUBJECT: CSCE: BASKET II - MFN ISSUE

1. AT APRIL 16 BASKET II NATO CAUCUS, EC REPS REPORTED THEY HAVE BEEN HAVING INFORMAL DISCUSSIONS WITH USSR ON HOW TO DEAL WITH MFN RECIPROCITY ISSUE IN CSCE TEXTS. THEIR REPORT INDICATED GROWING RECEPTIVITY WITHIN EC TO HAVING DEFINITION OF RECIPROCITY IN BASKET II PREAMBLE WHILE DEALING WITH MFN SEPARATELY IN TEXTS COM COMMERICIAL EXCHANGES. THEY INDICATED THEY WOULD WANT TWO CONCEPTS FIRMLY LINKED BY CROSS REFERENCE, BUT SEEMED TO FEEL THIS COULD BE ACHIEVED BY INCLUDING THE ONE WORD "RECIPROCITY" IN MFN TEXT, THUS OBVIATING NEED FOR DETAILED DEFINITION THERE. THEY STATED THAT ALTHOUGH THEIR DISCUSSION WITH USSR HAD BEEN INTENSIVE, IT HAD BEEN ON BASIS OF GENERAL IDEAS ON HOW TO DEAL WITH SUBJECTS RATHER THAN SPECIFIC LANGUAGE.

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PAGE 02 GENEVA 02725 181528Z

2. U.S. REP RECALLED THAT USSR HAD ALSO EARLIER SUGGESTED

TO US POSSIBLE SPLITTING OF TEXTS OF RECIPROCITY AND MFN
BETWEEN PREAMBLE AND COMMERICIAL TEXTS. WE
HAD REPLIED WE DID NOT LIKE IDEA AND FELT TWO CONCEPTS
SHOULD BE CLOSELY LINKED. WE INFORMED APRIL 16 NATO CAUCUS
THAT WE CONTINUED TO FEEL THIS WAY. WE ALSO STATED THAT
ALTHOUGH WE DID NOT NECESSARILY SEE NEED FOR EXTENSIVE
DEFINITION OF RECIPROCITY IN COMMERCIAL EXCHANGES TEXT ON
MFN, WE CERTAINLY DID NOT CONSIDER ONE WORD
REFERENCE TO RECIPROCITY WOULD BE SUFFICIENT, SINCE THIS COULD
LEAVE IMPRESSION THAT SIMPLE EXCHANGE OF FORMAL MFN TREATMENT FOR FORMAL MFN TREATMENT WOULD BE SUFFICIENT. TEXT
WOULD HAVE TO MAKE CLEAR THAT "EFFECTIVE RECIPROCITY" WAS
REQUIRED, ALTHOUGH OTHER WORDS CONVEYING SAME MEANING COULD
BE USED. WE ALSO INDICATED TEXT SHOULD MAKE CLEAR MFN WOULD
NEED BE EXCHANGED IN CONTEXT MULTILATERAL OR BILATERAL AGREEMENTS.

3. CONCERNING TACTICS, NORWAY ASKED ABOUT ADVISIBILITY OF RETURNING TO DISCUSSION OF RECIPROCITY AND MFN IN FORMAL SESSIONS. U.S. REP MADE POINT THAT FOR TACTICAL REASONS WE WOULD NOT WISH TO RESUME DISCUSSIONS OF RECIPROCITY IN COMMITTEE II UNTIL IT WAS CLEAR THAT WE HAVE ACHIEVED ADEQUATE TREATMENT THIS SUBJECT IN COMMERCIAL EXCHANGES TEXT. EC REPS INDICATED THEY FELT IT WOULD BE DESIRABLE TO CONTINUE THEIR INFORMAL TALKS WITH USSR BEFORE RETURNING TO ISSUE IN FORMAL MEETINGS. U.S. REP SAID WE HAD NO PROBLEM WITH THIS BUT UNDERLINED IMPORTANCE CONTINUING CLOSE CONTACTS WITHIN NATO CAUCUS AND AVOIDANCE ANYTHING RESEMBLING FAIT ACCCOMPLI. NORWEGIANS AND CANADIANS STRONGLY SUPPORTED THIS POINT.

4. DURING COURSE OF DISCUSSION, WE INDICATED THAT WE DID NOT CONSIDER IT WAS ABSOLUTELY NECESSARY TO DEAL WITH RECIPROCITY IN CSCE TEXTS AT ALL, AND THAT ISSUE IN OUR VIEW ONLY AROSE BECAUSE OF EASTERN DESIRE FOR REFERENCE TO MFN. WE CONSIDER THAT MFN CAN NOT BE DEALT WITH WITHOUT ADEQUATE REFERENCE TO RECIPROCITY, BUT THAT IF EAST DROPPED INSISTANCE ON DEALING WITH MFN IN CSCE TEXTS, WE WOULD SEE NO FURTHER NEED FOR REFERENCE TO RECIPROCITY

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PAGE 03 GENEVA 02725 181528Z

5. DURING NATO MEETING FRENCH REP INDICATED THEY NOW HAVE FIRM INSTRUCTIONS TO COMPLETE BASKET II WORK AS RAPIDLY AS POSSIBLE. ALTHOUGH HE DID NOT EXPLICITLY SAY SO, HE LEFT IMPRESSION FRENCH NOW PUTTING EMPHASIS ENTIRELY ON RAPID CONCLUSION (AT LEAST IN BASKET II) REGARDLESS OF SUBSTANTIVE CONTENT OF TEXTS. NOTE; AT LUNCHEON FOLLOWING DAY, HUNGARIAN BASKET II REP INDICATED FULL AWARENESS NEW "POSITIVE" FRENCH POSITION. HE STATED FRENCH NOW WANTED TO COMPLETE BASKET II BEFORE REST OF CSCE,

AND ASKED ABOUT U.S. POSITION. WE RESPONDED WE HAVE ALWAYS FAVORED MOVING AHEAD AS FAST AS POSSIBLE IN BASKET II AND HAVE NEVER LINKED PACE OF BASKET II WORK TO DEVELOPMENTS IN OTHER BASKETS.

6. A FURTHER COMPLICATION REPORTED IN CAUCUS WAS POSITION ROMANIA REPORTEDLY CURRENTLY NOW TAKING THAT THERE MUST BE A REFERENCE TO DEVELOPING COUNTRIES IN EUROPE IN ANY TEXT REFERRING TO RECIPROCITY. THIS WOULD MEAN THAT HIS THORNY ISSUE WOULD HAVE TO BE DEALT WITH IN COMMERCIAL EXCHANGES TEXT AS WELL AS PREAMBLE, IF RECIPROCITY DEALT WITH IN COMMERCIAL EXCHANGES TEXTS AS WE DESIRE. DELEGATION INTENDS TO DISCUSS THIS WITH ROMANIANS TO TRY TO PURSUADE THEM TO SATISFY THEMSELVES WITH ONE REFERENCE TO DEVELOPING COUNTRIES IN EUROPE IN THE PREAMBLE.

7. WOULD APPRECIATE ANY COMMENTS DEPARTMENT MAY HAVE ON LINE WE TAKING ON THESE MATTERS. DALE

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